

Message Text

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PAGE 01 LISBON 03718 01 OF 02 120745Z
ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 COME-00 MMO-04 /024 W
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R 110914Z MAY 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 1304
INFO AMCONSUL OPORTO
AMCONSUL PONTA DELGADA

UNCLAS SECTION 1 OF 2 LISBON 3718

E.O. 11652: N/A
TAGS: BEXP, AFSP, PO
SUBJ: PROJECTED FY 78 CAP FOR PORTUGAL

REF: STATE A-1111, LISBON A-300 (FY 77 CAP), OPORTO A-4
(FY 77 CAP ADDENDUM)

SUMMARY

PREPARATION OF FY 77 CAP WAS IMPORTANT CONTRIBUTION TO POST'S
COMMERCIAL EFFORTS.

REVIEW OF FY 77 CAP INDICATES MOST ACTIVITIES BEING IMPLEMENTED
APPROXIMATELY ON SCHEDULE.

FY 78 CAP WILL INCLUDE SAME CAMPAIGNS WITH CCAG CONSIDERING NEW
INICIATIVES IN SUPPORT OF THEM. FINANCIAL RESOURCE SCHEDULE
INDICATES SOME INCREASE IN FUNDING REQUEST.

NOTE: IT MUST BE STRESSED THAT THE PROJECTED CAP FOR FY 78
IS PRELIMINARY AND SUBJECT TO POSSIBLE MAJOR CHANGES. THE
ECONOMIC/FINANCIAL SITUATION IN PORTUGAL IS STILL UNDERGOING
RAPID CHANGE AS THE GOP FORMULATES AND IMPLEMENTS ITS ECONOMIC
STRATEGY. THE INCUMBENT COMMERCIAL ATTACHE WILL BE REPLACED
DURING THE SUMMER OF 1977 AND HIS SUCCESSOR MAY WISH TO ALTER
SOME PARTS OF THE CAP. ADDITIONALLY, INTEGRATION OF THE CONSTITUENT
POSTS INTO THE LISBON CAP CONTINUES AND THIS PROCESS MAY NECESSITATE
ALTERATIONS.

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1. COMMERCIAL SETTING.
ECONOMIC RECOVERY FROM THE SERIOUS RECESSION OF 1974-76 SHOULD
CONTINUE IN FY 78. THE GOP MEDIUM TERM ECONOMIC PLAN WILL BE
IN PLACE AND HEAVY PUBLIC INVESTMENT SHOULD BE UNDERWAY IN
ENERGY GENERATION, AGRICULTURE, INCLUDING IRRIGATION, TRANSPORTATION
AND COMMUNICATION, HOUSING AND OTHER SOCIAL WORKS, MINING AND
BASIC INDUSTRY. PORTUGAL'S PLANNED ENTRANCE INTO THE EEC WILL

INDUCE AND INFLUENCE INDUSTRIAL MODERNIZATION. SHOULD THE GOP'S GAME PLAN BE SUCCESSFUL, THE PRIVATE SECTOR SHOULD ALSO BE MAKING IMPORTANT INVESTMENTS, ESPECIALLY IN LIGHT INDUSTRY, TOURISM, AND OTHER SERVICES. MOST OF THE INVESTMENT PROBLEMS OF US FIRMS SHOULD BE RESOLVED AND THE FOCUS WILL CHANGE TO ASSISTANCE TO NEW OR EXPANDED INVESTMENTS. CONTINUED FOREIGN EXCHANGE SCARCITY WILL ENCOURAGE US FIRMS TO SHIFT FROM EXPORT TO PORTUGAL TO ESTABLISHMENT OF MANUFACTURING FACILITIES.

2. LIST OF PERSONNEL RESOURCES.

FOLLOWING ARE MEMBERS OF THE CCAG: ECONCOUNSELOR, AGRICULTURE ATTACHE, AID REPRESENTATIVE, PUBLIC AFFAIRS OFFICER, THE AMERICAN CONSULS IN OPORTO AND PONTA DELGADA, AND THE COMMERCIAL ATTACHE.

POSITION	RANK-RESPONSIBILITIES AND PERCENT OF TIME DEVOTED TO COMMERCIAL ACTIVITY
ECONOMIC/COMMERCIAL COUNSELOR	-FSO-3- OVERALL SUPERVISION OF CAP. (35 PERCENT)
COMMERCIAL ATTACHE	-FSO-4- OPERATIONAL SUPER- VISION OF ALL COMMERCIAL ACTIVITIES. (80 PERCENT)
ECONOMIC OFFICER	-FSO-5- MANAGER OF ON CAMPAIGN (20 PERCENT)
ROTATION TRAINING OFFICER	-FSO-7/6- CAMPAIGN MANAGER AND ROUTINE COMMERCIAL FUNCTIONS (ABOUT 40 PERCENT).

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ECON/COMMERCIAL SPECIALIST	-FSL-1- (20 PERCENT).
TRADE PROMOTION SPECIALIST	-FSL-3- CAMPAIGN MANAGER (100 PERCENT).
TRADE PROMOTION SPECIALIST	-FSL-4- CAMPAIGN MANAGER (90 PERCENT).
TRADE PROMOTION SPECIALIST	-FSL-4- CAMPAIGN MANAGER (100 PERCENT).
LIBRARIAN/SECRETARY	-FSL-5- (85 PERCENT).

3. REVIEW OF FY 77 CAP

WITH ONE MAJOR EXCEPTION, LISBON FY 77 CAP ACTIVITIES APPROXIMATELY ON SCHEDULE AND MOST SHOULD BE ACCOMPLISHED BY END OF FY77. BECAUSE OPORTO FY77 ADDENDUM WAS PUBLISHED ONLY IN MARCH IT IS IMPOSSIBLE TO COMMENT ON ITS IMPLEMENTATION.

4. PREPARATION OF CAP HAS BEEN IMPORTANT CONTRIBUTION TO COMMERCIAL PROGRAM. EMBASSY HAS BEEN ABLE TO BETTER CONCENTRATE EFFORTS AND RESOURCES AND ECON/COMMERCIAL SECTION EMPLOYEES ARE MORE COGNIZANT OF RESPONSIBILITIES. IT HAS ALSO HELPED COMATT AND CONSUL OPORTO

BEGIN FULL INTEGRATION OF TWO COMMERCIAL PROGRAMS.
CLEAR QUANTIFICATION AND FORMALIZATION OF GOALS HAS LED TO
INCREASED OUTPUT OF TOS AND INVESTMENT OPPORTUNITIES.
CONSUL OPORTO NOTES CAP USEFUL IN KEEPING CONSTITUENT POSTS
INFORMED OF PRINCIPAL POST'S IMMEDIATE NEEDS AND GOALS AND HELPS
REPLACE DAY-TO-DAY CONTACT BETWEEN THE TWO COMMERCIAL SECTIONS.

5. FY77 CAP LISTED SEVERAL MEASURES DESIGNED TO PROVIDE SUPPORT FOR
ALL CAMPAIGNS. ALL BUT ONE OF THESE ALREADY ACCOMPLISHED OR IN
PROCESS. MEMBERS OF CCAG CONTINUE TO STREE TO GOP DESIREABILITY
OF OPEN ECONOMY AND FAIR TREATMENT FOR US INVESTMENT. FEB. 28
ISSUE OF COMMERCE AMERICA CARRIED EXTENSIVE REPORT ON PORTUGAL
HIGHLIGHTING THOSE PRODUCTS AND PROJECTS STRESSED IN CAP.
SPECIAL STUDY (CETEL) RECEIVED AND MORE THAN 20 MAJOR EXPORT
PROJECTS REPORTS AND TOS SUBMITTED THUS FAR. COMM. SECTION REMAINS
IN CONTACT WITH AID FOR TOS AND FIRST PORTION OF REPORT ON GOP
TRADE HAS BEEN SUBMITTED. ON THE OTHER HAND, COMMSECTION DECIDED
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AGAINST PARTICIPATION IN 1977 LISBON INTERNATIONAL FAIR (WHICH
WAS ALSO CAMPAIGN NO. 6) DUE TO LACK OF FUNDS.

6. FOLLOWING IS BRIEF RUN-DOWN ON STATUS OF INDIVIDUAL CAMPAIGNS:

A) CAMPAIGN NO. 1 (ENERGY): ENERGY SEMINAR NOW SCHEDULED TO BE
HELD MAY 25-27; EMBASSY CLOSELY MONITORING DEVELOPMENTS RELATED TO
NUCLEAR PROGRAM; REPORTS HAVE BEEN SUBMITTED ON OTHER ENERGY
PROJECTS. PROVISION OF CCAG ASSISTANCE TO WESTINGHOUSE UNNECESSARY
BECAUSE FIRM POSTPONED ITS SCHEDULED TECHNOLOGY DISPLAY.

B) NO. 2 (TRANSPORTATION): SECTORAL STUDY DUE TO BE SUBMITTED
IN MAY; SPECIAL STUDY REPORTS BEING UTILIZED FOR TOS; TRANSPORT
OPPORTUNITIES HIGHLIGHTED IN COMMERCE AMERICA ARTICLE;
TRANSPORTATION SEMINAR EXPECTED TO BE HELD END FY77 OR EARLY FY78.

C) NO. 3 (US INVESTMENT): SUBSTANTIAL TIME DEVOTED TO THIS CAMPAIGN,
BOTH IN LISBON AND OPORTO. NEGOTIATIONS UNDERWAY IN SEVERAL
IMPORTANT INVESTMENT DISPUTES AND REPORTING OF DEVELOPMENTS
HAS BEEN DETAILED AND EXTENSIVE. EMBASSY HAS KEPT IN CLOSE
CONTACT WITH KEY GOP OFFICIALS AT ALL LEVELS. PROFILE OF EXISTING
INVESTMENT CLOSE TO SUBMISSION AND OPIC AGREEMENT SHOULD BE
RESUMED MOMENTARILY. OTHER ACTIVITIES HAVE BEEN STALLED DUE
TO GOP DELAY IN ESTABLISHING INVESTMENT INSTITUTE AND REVISING
INVESTMENT CODE. WITH REGARD TO STIMULATION OF NEW INVESTMENT,
EMBASSY HAS PROVIDED ASSISTANCE TO BOTH GOP AND POTENTIAL
INVESTORS IN SECTORS SUCH AS AEROSPACE, PHARMACEUTICALS,
AUTOMOBILES, ETC. EMBASSY PLANNING SUBMIT LIST TO PRIME MINISTER
OF US FIRMS INTERESTED IN INVESTING.

D) NO. 4 (CONSTRUCTION EQUIPMENT): CCAG COMPILED LIST OF MAJOR

CONSTRUCTION FIRMS AND HAS CONTACTED 45 OF THEM. HAS PUBLICIZED NATIONAL HARDWARE SHOW. EMBASSY IS PREPARING NEWSLETTER DEVOTED TO CONSTRUCTION MACHINERY AND WILL DEVELOP LIST OF REPS OF US FIRMS IN PORTUGAL. COMATT HAS REFERRED SEVERAL CONSTRUCTION MACHINERY IMPORTERS TO BANKS WITH EX-IM CFF LINES.
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E) NO. 5 (FOOD PROCESSING EQUIPMENT):
UTILIZATION OF SPECIAL STUDY (CETEL) RESULTED IN 2 GOP TENDER OFFERS.
INCREASED CONTACTS WITH MAJOR AGENTS/DISTRIBUTORS ELICITED 12 TOS.

F) NO. 6 (LISBON FAIR):
CAMPAIGN CANCELLED. COMMSECTION NOW CONSIDERING SUPPORT FOR
US/PORTUGUESE CHAMBER OF COMMERCE EXHIBITION OF US FIRMS AT
SANTAREM AGRO/INDUSTRIAL FAIR IN JUNE 1977.

7. FY78 PROJECTED CAP.
FY78 CAP PROJECTED TO CONTINUE FIVE FY77 CAMPAIGNS WITH SIMILAR
ACTIONS AND ACTIVITIES. (ONLY CAMPAIGN 6 WILL BE ELIMINATED).
BECAUSE COMPLETE RESULTS OF FY77 ACTIONS NOT YET CLEAR, EXACT
NUMBER AND TYPE OF ACTIONS NOT YET DETERMINED ALTHOUGH CCSG
CONSIDERING FOLLOWING NEW INICIATIVES: INCREASED USE OF AID
TECHNICAL ASSISTANCE AND IVP GRANTS FOR OFFICIALS INVOLVED IN
DECISION-MAKING APARATUS VIS-A-VIS FOREIGN INVESTMENT; AND
REGULARLY SCHEDULED PLANT AND COMPANY VISITS BY ALL MEMBERS
OF SECTION. LISBON AND OPORTO COMMERCIAL NEWSLETTERS WILL BE

COMBINED AND UPGRADED AND FOCUSED MORE CLEARLY TO SUPPORT
 COMMERCIAL CAMPAIGNS. CCAG WILL UTILIZE USIS CULTURAL CENTER
 AS MINI-DISPLAY CENTER FOR US PRODUCTS WITH POTENTIAL MARKET
 IN PORTUGAL. OPIC INVESTMENT MISSION WILL BE SUGGESTED IF PP
 IMPROVEMENT IN INVESTMENT CLIMATE WARRANTS IT. THIS MISSION
 COULD BE COORDINATED WITH USIS SPEAKERS PROGRAMS CONCENTRATED
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ON INTERNATIONAL TRADE AND FINANCE.
 USIS/COMMERCIAL SECTION STUDYING POSSIBILITY OF HOSTING AGRI/
 BUSINESS SEMINAR IN EARLY 1978 AND COMM. SECTION STILL CONSIDERING
 FEASIBILITY OF TRADE EVENT, POSSIBLY VTR PRESENTATION, AS PART
 OF THIS CAMPAIGN. CCAG WILL CONTINUE MARKET RESEARCH IF FUNDS
 AVAILABLE AND EMBASSY AND CONSULATES WILL FURTHER INTEGRATE
 COMMERCIAL PROGRAMS.

8. FINANCIAL RESOURCES SCHEDULE.

FOR EMBASSY LISBON: FY76 ACTUAL FY77 EST. FY78 REQUEST

COMMERCIAL REPRESENTATION	\$1,700	\$2,500	\$3,300
COMMERCIAL TRAVEL	\$100	\$350	\$550
CONTRACT SERVICES	\$960	\$4,200	\$9,100
WTDR SUPPORT	(\$760)	\$1,200	\$1,600
NEWSLETTER	(\$200)	\$3,000	\$7,500
COMMERCIAL LIBRARY	\$2,400	4,400	\$3,500
FURNITURE	(\$800)	\$1,500	-
PUBLICATIONS	(\$1,600)	(\$2,900)	\$3,500

OTHER

COMMERCIAL STUDIES	\$10,000	\$15,000	\$25,000
TRADE PROMOTION EVENTS	\$2,695	\$11,500	\$15,000

FOR AMCONSULATE OPORTO: FY76 ACTUAL FY77 EST. FY78 REQUEST

COMMERCIAL REPRESENTATION	-	\$500	\$700
COMMERCIAL TRAVEL	\$150	\$200	\$300
WTDR SUPPORT	\$540	\$550	\$1,000
COMMERCIAL LIBRARY	\$485	\$500	\$600
PUBLICATIONS	\$485	\$1,450	\$1,500
TRADE PROMOTION EVENTS	-	-	\$4,000

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Message Attributes

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Executive Order: N/A
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